

SENATE BILL NO. 341

INTRODUCED BY K. GILLAN

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING SCHOOL DISTRICT PROPERTY TAX RELIEF AND INCREASING THE STATE'S SHARE OF SCHOOL DISTRICT GENERAL FUND BUDGETS BY INCREASING DIRECT STATE AID TO SCHOOL DISTRICTS FROM 44.7 PERCENT TO 48 PERCENT; INCREASING THE BASIC ENTITLEMENTS AND PER-ANB ENTITLEMENTS FOR PUBLIC SCHOOLS FOR SCHOOL FISCAL YEAR 2006 AND SUCCEEDING YEARS; PROVIDING FOR UNIFIED AND JOINT BOARD INTERDISTRICT SCHOOL AGREEMENTS TO ENSURE FLEXIBILITY IN FUNDING TO LOCAL SCHOOL DISTRICTS; PROVIDING AN EARMARKED INCREASE IN THE PER-ANB ENTITLEMENTS TO SUPPORT SCHOOL DISTRICT EXPENSES IN RECOGNIZING, PRESERVING, AND INSTRUCTING ON THE DISTINCT AND UNIQUE CULTURAL HERITAGE OF AMERICAN INDIANS AS PROVIDED IN ARTICLE X, SECTION 1(2), OF THE MONTANA CONSTITUTION; AMENDING SECTIONS 20-9-306, 20-9-367, AND 20-9-368, MCA; AND PROVIDING EFFECTIVE DATES, APPLICABILITY DATES, AND A TERMINATION DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Unified and joint board interdistrict school agreements. (1) The trustees of any two districts that have unified pursuant to 20-6-312 or that have created a joint board pursuant to 20-3-361 may enter into an interdistrict agreement to provide for the joint funding of the operations and maintenance for both districts upon terms and conditions that may be mutually agreed to by the districts, subject to the conditions of this section. Any agreement must be approved by a vote of the board of trustees in both districts.

(2) In funding the expenditures required under an agreement, all financial support of the agreement may be transferred to the interlocal cooperative fund as specified in 20-9-703 and 20-9-704 from any fund maintained by either district. Transfers to the interlocal cooperative fund from each participating school district are limited to an amount not to exceed the total funds provided from state or federal sources in support of the respective school district's budgeted and nonbudgeted funds.

(3) Expenditures from the interlocal cooperative fund under this section must be limited to those expenditures that are comparable to those that are permitted by law to be made out of the fund from which the

transfer was made and that are within the final budget for the fund from which the transfer was made.

Section 2. Section 20-9-306, MCA, is amended to read:

"20-9-306. Definitions. As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

(1) "BASE" means base amount for school equity.

(2) "BASE aid" means:

(a) direct state aid for ~~44.7%~~ 48% of the basic entitlement and ~~44.7%~~ 48% of the total per-ANB entitlement for the general fund budget of a district; and

(b) guaranteed tax base aid for an eligible district for any amount up to ~~35.3%~~ 32% of the basic entitlement, up to ~~35.3%~~ 32% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the special education allowable cost payment.

(3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic entitlement, 80% of the total per-ANB entitlement, and up to 140% of the special education allowable cost payment.

(4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through 20-9-369.

(5) "BASE funding program" means the state program for the equitable distribution of the state's share of the cost of Montana's basic system of public elementary schools and high schools, through county equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

(6) "Basic entitlement" means:

(a) ~~\$220,646~~ \$225,280 for each high school district;

(b) ~~\$19,859~~ \$20,276 for each elementary school district or K-12 district elementary program without an approved and accredited junior high school or middle school; and

(c) the prorated entitlement for each elementary school district or K-12 district elementary program with an approved and accredited junior high school or middle school, calculated as follows:

(i) ~~\$19,859~~ \$20,276 times the ratio of the ANB for kindergarten through grade 6 to the total ANB of kindergarten through grade 8; plus

(ii) ~~\$220,646~~ \$225,280 times the ratio of the ANB for grades 7 and 8 to the total ANB of kindergarten through grade 8.

(7) "Direct state aid" means ~~44.7%~~ 48% of the basic entitlement and ~~44.7%~~ 48% of the total per-ANB entitlement for the general fund budget of a district and funded with state and county equalization aid.

(8) "Maximum general fund budget" means a district's general fund budget amount calculated from the basic entitlement for the district, the total per-ANB entitlement for the district, and the greater of:

(a) 175% of special education allowable cost payments; or

(b) the ratio, expressed as a percentage, of the district's special education allowable cost expenditures to the district's special education allowable cost payment for the fiscal year that is 2 years previous, with a maximum allowable ratio of 200%.

(9) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted that is above the BASE budget and below the maximum general fund budget for a district.

(10) "Total per-ANB entitlement" means the district entitlement resulting from the following calculations:

(a) for a high school district or a K-12 district high school program, a maximum rate of ~~\$5,374~~ \$5,784 for the first ANB is decreased at the rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

(b) for an elementary school district or a K-12 district elementary program without an approved and accredited junior high school or middle school, a maximum rate of ~~\$4,034~~ \$4,416 for the first ANB is decreased at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; ~~and~~

(c) for an elementary school district or a K-12 district elementary program with an approved and accredited junior high school or middle school, the sum of:

(i) a maximum rate of ~~\$4,034~~ \$4,416 for the first ANB for kindergarten through grade 6 is decreased at the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(ii) a maximum rate of ~~\$5,374~~ \$5,784 for the first ANB for grades 7 and 8 is decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB; and

(d) for every elementary, K-12, or high school district, the greater of \$50 per pupil or \$1,000, based on the school district's ANB, calculated pursuant to 20-9-311, to support school district expenses in recognizing,

preserving, and instructing students on the distinct and unique cultural heritage of American Indians as required by Article X, section 1(2), of the Montana constitution and as implemented in chapter 1, part 5, of this title."

Section 3. Section 20-9-306, MCA, is amended to read:

"20-9-306. Definitions. As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

(1) "BASE" means base amount for school equity.

(2) "BASE aid" means:

(a) direct state aid for ~~44.7%~~ 48% of the basic entitlement and ~~44.7%~~ 48% of the total per-ANB entitlement for the general fund budget of a district; and

(b) guaranteed tax base aid for an eligible district for any amount up to ~~35.3%~~ 32% of the basic entitlement, up to ~~35.3%~~ 32% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the special education allowable cost payment.

(3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic entitlement, 80% of the total per-ANB entitlement, and up to 140% of the special education allowable cost payment.

(4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through 20-9-369.

(5) "BASE funding program" means the state program for the equitable distribution of the state's share of the cost of Montana's basic system of public elementary schools and high schools, through county equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

(6) "Basic entitlement" means:

(a) ~~\$220,646~~ \$230,214 for each high school district;

(b) ~~\$19,859~~ \$20,720 for each elementary school district or K-12 district elementary program without an approved and accredited junior high school or middle school; and

(c) the prorated entitlement for each elementary school district or K-12 district elementary program with an approved and accredited junior high school or middle school, calculated as follows:

(i) ~~\$19,859~~ \$20,720 times the ratio of the ANB for kindergarten through grade 6 to the total ANB of

1 kindergarten through grade 8; plus

2 (ii) ~~\$220,646~~ \$230,214 times the ratio of the ANB for grades 7 and 8 to the total ANB of kindergarten
3 through grade 8.

4 (7) "Direct state aid" means ~~44.7%~~ 48% of the basic entitlement and ~~44.7%~~ 48% of the total per-ANB
5 entitlement for the general fund budget of a district and funded with state and county equalization aid.

6 (8) "Maximum general fund budget" means a district's general fund budget amount calculated from the
7 basic entitlement for the district, the total per-ANB entitlement for the district, and the greater of:

8 (a) 175% of special education allowable cost payments; or

9 (b) the ratio, expressed as a percentage, of the district's special education allowable cost expenditures
10 to the district's special education allowable cost payment for the fiscal year that is 2 years previous, with a
11 maximum allowable ratio of 200%.

12 (9) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted
13 that is above the BASE budget and below the maximum general fund budget for a district.

14 (10) "Total per-ANB entitlement" means the district entitlement resulting from the following calculations:

15 (a) for a high school district or a K-12 district high school program, a maximum rate of ~~\$5,374~~ \$6,104
16 for the first ANB is decreased at the rate of 50 cents per ANB for each additional ANB of the district up through
17 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

18 (b) for an elementary school district or a K-12 district elementary program without an approved and
19 accredited junior high school or middle school, a maximum rate of ~~\$4,034~~ \$4,706 for the first ANB is decreased
20 at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in
21 excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; ~~and~~

22 (c) for an elementary school district or a K-12 district elementary program with an approved and
23 accredited junior high school or middle school, the sum of:

24 (i) a maximum rate of ~~\$4,034~~ \$4,706 for the first ANB for kindergarten through grade 6 is decreased
25 at the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of
26 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

27 (ii) a maximum rate of ~~\$5,374~~ \$6,104 for the first ANB for grades 7 and 8 is decreased at the rate of 50
28 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800
29 receiving the same amount of entitlement as the 800th ANB; and

30 (d) for every elementary, K-12, or high school district, the greater of \$98 per pupil or \$1,000, based on

1 the school district's ANB, calculated pursuant to 20-9-311, to support school district expenses in recognizing,
2 preserving, and instructing students on the distinct and unique cultural heritage of American Indians as required
3 by Article X, section 1(2), of the Montana constitution and as implemented in chapter 1, part 5, of this title."
4

5 **Section 4.** Section 20-9-367, MCA, is amended to read:

6 **"20-9-367. Eligibility to receive guaranteed tax base aid or state advance or reimbursement for**
7 **school facilities.** (1) If the district guaranteed tax base ratio of any elementary or high school district is less than
8 the corresponding statewide elementary or high school guaranteed tax base ratio, the district may receive
9 guaranteed tax base aid based on the number of mills levied in the district in support of up to ~~35.3%~~ 32% of the
10 basic entitlement, up to ~~35.3%~~ 32% of the total per-ANB entitlement, and up to 40% of the special education
11 allowable cost payment budgeted within the general fund budget.

12 (2) If the county retirement mill value per elementary ANB or the county retirement mill value per high
13 school ANB is less than the corresponding statewide mill value per elementary ANB or high school ANB, the
14 county may receive guaranteed tax base aid based on the number of mills levied in the county in support of the
15 retirement fund budgets of the respective elementary or high school districts in the county.

16 (3) For the purposes of 20-9-370 and 20-9-371, if the district mill value per elementary ANB or the
17 district mill value per high school ANB is less than the corresponding statewide mill value per elementary ANB
18 or statewide mill value per high school ANB, the district may receive a state advance or reimbursement for
19 school facilities in support of the debt service fund."
20

21 **Section 5.** Section 20-9-368, MCA, is amended to read:

22 **"20-9-368. Amount of guaranteed tax base aid.** (1) The amount of guaranteed tax base aid per ANB
23 that a county may receive in support of the retirement fund budgets of the elementary school districts in the
24 county is the difference between the county mill value per elementary ANB and the statewide mill value per
25 elementary ANB, multiplied by the number of mills levied in support of the retirement fund budgets for the
26 elementary districts in the county.

27 (2) The amount of guaranteed tax base aid per ANB that a county may receive in support of the
28 retirement fund budgets of the high school districts in the county is the difference between the county mill value
29 per high school ANB and the statewide mill value per high school ANB, multiplied by the number of mills levied
30 in support of the retirement fund budgets for the high school districts in the county.

(3) The amount of guaranteed tax base aid that a district may receive in support of up to ~~35.3%~~ 32% of the basic entitlement, up to ~~35.3%~~ 32% of the total per-ANB entitlement budgeted within the general fund budget, and up to 40% of the special education payment is calculated in the following manner:

(a) multiply the sum of the district's BASE budget amount less direct state aid by the corresponding statewide guaranteed tax base ratio;

(b) subtract the taxable valuation of the district from the product obtained in subsection (3)(a); and

(c) divide the remainder by 1,000 to determine the equivalent to the dollar amount of guaranteed tax base aid for each mill levied.

(4) Guaranteed tax base aid provided to any county or district under this section is earmarked to finance the fund or portion of the fund for which it is provided. If a county or district receives more guaranteed tax base aid than it is entitled to, the excess must be returned to the state as required by 20-9-344."

NEW SECTION. Section 6. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 20, chapter 9, part 7, and the provisions of Title 20, chapter 9, part 7, apply to [section 1].

NEW SECTION. Section 7. Effective dates -- applicability. (1) [Section 2] is effective on passage and approval and applies to school budgets for the school fiscal year beginning July 1, 2005.

(2) [Sections 1 and 5] are effective July 1, 2005, and apply to school fiscal years beginning on or after July 1, 2005.

(3) [Section 3] is effective July 1, 2006, and applies to school budgets for the school fiscal years beginning on or after July 1, 2006.

(4) [Sections 4, 6, and 8 and this section] are effective on passage and approval.

NEW SECTION. Section 8. Termination. [Section 2] terminates June 30, 2006.

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